

## XVII. ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS

JANUARY 1, 2019, through DECEMBER 31, 2019

## FINANCIAL COMMITMENT REPORT

December 31, 2019

Virginia Conference

Apportioned Funds	YTD 12/31/2019	YTD 12/31/2018	Increase (Decrease)	Pct. Inc.\Dec.	Pct. Pd 2019	Pct. Pd 2018
<b>Conference Apportionments</b>						
401 Conference Mission & Ministries	2,659,686	2,817,009	(157,323)	-5.58%	82.47%	87.21%
402 Conference Services	1,596,529	1,457,793	138,736	9.52%	85.15%	88.57%
403 District Superintendents	1,714,827	1,800,812	(85,985)	-4.77%	85.53%	88.93%
404 Equitable Compensation	247,439	308,673	(61,234)	-19.84%	82.48%	88.19%
405 Church Extension & Development	881,238	835,185	46,053	5.51%	78.33%	83.52%
406 Virginia Education Fund	545,164	659,554	(114,390)	-17.34%	77.88%	82.44%
Subtotal	7,644,883	7,879,025	(234,142)	-2.97%	82.83%	87.05%
<b>Clergy Benefit Apportionments</b>						
407 Active Clergy Health Benefits	8,506,258	8,790,111	(283,853)	-3.23%	87.60%	90.53%
408 Retired Clergy Health & Pensions	5,246,590	5,455,713	(209,123)	-3.83%	86.58%	90.03%
409 Pension Liability Assessment-Pre 82	640,700	893,278	(252,578)	-28.28%	85.43%	89.33%
Subtotal	14,393,548	15,139,103	(745,555)	-4.92%	87.13%	90.27%
<b>General &amp; Jurisdictional Apportionments</b>						
410 Episcopal	714,930	779,329	(64,399)	-8.26%	81.71%	86.59%
411 World Service	2,369,087	2,545,061	(175,974)	-6.91%	78.97%	83.72%
412 General Connectional	326,604	352,480	(25,876)	-7.34%	77.76%	82.74%
413 Ministerial Education	766,885	845,235	(78,350)	-9.27%	76.69%	82.06%
414 Black College	313,400	338,472	(25,072)	-7.41%	78.35%	82.55%
415 Africa University	88,834	77,169	11,665	15.12%	98.70%	83.88%
416 Interdenominational Coop.	63,010	68,274	(5,264)	-7.71%	78.76%	84.29%
Subtotal	4,642,750	5,006,021	(363,271)	-7.26%	79.16%	83.73%
<b>Total Apportioned Funds</b>	<b>26,681,181</b>	<b>28,024,148</b>	<b>(1,342,967)</b>	<b>-4.79%</b>	<b>84.39%</b>	<b>88.13%</b>

## Non-Apportionment Receipts

## Advance Specials

GBGM	844,316	1,052,159	(207,843)	-19.75%
Va. Conference Advance Specials	107,442	83,974	23,467	27.95%

## Special Days

Human Relations	9,770	11,275	(1,505)	-13.35%
One Great Hour of Sharing	92,674	118,207	(25,533)	-21.60%
Native American Ministries	10,508	15,203	(4,695)	-30.89%
Peace with Justice	6,400	11,826	(5,427)	-45.89%
World Communion	17,190	17,454	(264)	-1.51%
UM Student	6,771	8,803	(2,032)	-23.09%

## Other Funds

Youth Service	212	354	(142)	-40.18%
Pinnacle Living	13,426	25,143	(11,717)	-46.60%
UMFS	78,162	49,330	28,832	58.45%
Comm. on Disab.\Camp Rainbow	21,105	16,808	4,297	25.57%
Annual Conference Offering	123,910	149,055	(25,145)	-16.87%
Other	101,834	18,630	83,204	446.61%

<b>Total Non-Apportionment Funds</b>	<b>1,433,718</b>	<b>1,578,222</b>	<b>(144,503)</b>	<b>-9.16%</b>
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<b>Total Church Receipts</b>	<b>28,114,899</b>	<b>29,602,370</b>	<b>(1,487,471)</b>	<b>-5.02%</b>
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Year	Year End
2019	84.39%
2018	88.13%
2017	89.91%
2016	87.05%
2015	85.85%
2014	87.70%
2013	88.57%
2012	87.26%
2011	86.83%
2010	84.40%
2009	85.92%
2008	90.08%
2007	92.03%
2006	93.16%
2005	93.87%
2004	94.79%
2003	95.58%
2002	97.08%
2001	96.33%
2000	96.43%
1999	94.92%
1998	93.51%
1997	90.64%
1996	89.20%
1995	89.31%
1994	89.83%

## Virginia Annual Conference of The United Methodist Church Balance Sheets

	<b>12/31/2019</b>	<b>12/31/2018</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	1,144,958	1,945,912
Investments	6,243,417	5,697,044
Receivables	2,572,252	2,640,081
Prepaid expenses	99,384	93,771
<b>Total Current Assets</b>	<b>10,060,011</b>	<b>10,376,808</b>
<b>Fixed Assets:</b>		
Land	793,019	793,019
Buildings	5,132,247	5,017,597
Furniture & fixtures	369,337	318,708
Equipment and vehicles	772,076	740,555
Software	21,735	21,735
Accumulated depreciation	(2,789,658)	(2,547,632)
<b>Total Fixed Assets</b>	<b>4,298,756</b>	<b>4,343,982</b>
<b>Other Assets:</b>		
Francis Asbury Education Fund	1,169,672	1,022,666
Loans receivable	620,628	149,848
<b>Total Other Assets</b>	<b>1,790,300</b>	<b>1,172,514</b>
	<b>16,149,067</b>	<b>15,893,304</b>
<b>LIABILITIES and NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	4,089,980	4,079,364
Accrued expenses	18,014	22,712
Unearned revenue	86,553	73,900
<b>Total Liabilities</b>	<b>4,194,547</b>	<b>4,175,976</b>
<b>Net Assets:</b>		
Unrestricted conference reserves	3,240,974	3,082,876
Net assets with restrictions	8,713,546	8,634,452
<b>Total Net Assets</b>	<b>11,954,520</b>	<b>11,717,328</b>
	<b>16,149,067</b>	<b>15,893,304</b>

**Virginia Annual Conference of the United Methodist Church**  
**Statement of Changes in Unrestricted Conference Reserves**  
*For the Year Ending December 31, 2019*

<b>Income directly attributed to Conference Reserves:</b>	
Net gain on investments held at the Foundation	649,343
Dividends and interest	72,954
Ineligible institution forfeited funding	53,607
Miscellaneous income	4,830
<b>Total Income</b>	780,734
 <b>Expenses directly attributed to Conference Reserves:</b>	
Special funding - VUMAC closing	(487)
Bank service charges	17,706
<b>Total Expenses</b>	17,219
 <b>Income Over/(Under) Expenses</b>	 763,515
 <b>Apportionment Closeouts:</b>	
401 - Conference Mission and Ministries	(156,610)
402 - Conference Services	(335,512)
403 - District Superintendents' Fund	(138,469)
404 - Equitable Compensation Fund	25,174
<b>Total Apportionment Closeouts</b>	(605,417)
 <b>Net increase/(decrease) in Conference Reserves</b>	 158,098
 <b>Beginning balance</b>	 3,082,876
 <b>Ending Balance</b>	 3,240,974



**401 - Conference Mission & Ministry**  
**Financial Summary**

12/31/2019

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
3500	Conference Benevolence Grants	172,879.55	-	-	172,879.55	172,249.18	630.37	(630.37)	-	-
3510	CT Special & Sustaining Grants	56,917.28	-	30,219.15	87,136.43	72,975.00	14,161.43	(14,161.43)	-	-
5000	Emerging Funds	77,662.82	(41,706.36)	111,984.76	147,941.22	152,787.33	(4,846.11)	-	58,414.42	53,568.31
3600	Campus Ministry	734,605.14	22,500.00	-	757,105.14	856,810.57	(99,705.43)	99,705.43	-	-
Sch 1	Program & Board Administrative	1,330,587.17	-	40,320.36	1,370,907.53	1,423,491.34	(52,583.81)	52,583.81	-	-
3650	Bishop's Discretionary Funds	25,798.96	-	-	25,798.96	30,000.00	(4,201.04)	4,201.04	-	-
3655	Bishop's Recalibration Event	-	20,606.36	9,394.50	30,000.86	30,000.86	-	-	-	-
		<b>2,398,450.92</b>	<b>1,400.00</b>	<b>191,918.77</b>	<b>2,591,769.69</b>	<b>2,738,314.28</b>	<b>(146,544.59)</b>	<b>141,698.48</b>	<b>58,414.42</b>	<b>53,568.31</b>

**Schedule 1 - Program & Board Administrative**

3100	Common Table	2,925.65	-	-	2,925.65	3,661.66	(736.01)	736.01	-	-
Sch 2	Departmental Administration	51,331.93	-	-	51,331.93	62,325.24	(10,993.31)	10,993.31	-	-
Sch 3	Board & Agency Administration	67,768.47	-	1,878.40	69,646.87	37,228.65	32,418.22	(32,418.22)	-	-
3000	Personnel Costs - Common Table	1,150,314.02	-	37,036.80	1,187,350.82	1,264,930.60	(77,579.78)	77,579.78	-	-
3240	Outsourced Graphic Design Serv	32,714.13	-	-	32,714.13	32,160.00	554.13	(554.13)	-	-
3200	Video Production	8,510.99	-	1,405.16	9,916.15	9,064.24	851.91	(851.91)	-	-
3155	Connections 21 Interns	8,510.99	-	-	8,510.99	6,504.80	2,006.19	(2,006.19)	-	-
3090	CT Contingencies	8,510.99	-	-	8,510.99	7,616.15	894.84	(894.84)	-	-
		<b>1,330,587.17</b>	-	<b>40,320.36</b>	<b>1,370,907.53</b>	<b>1,423,491.34</b>	<b>(52,583.81)</b>	<b>52,583.81</b>	-	-

**Supporting Schedule 2 - Departmental Administration**

3010	Connectional Ministries Office	6,649.22	-	-	6,649.22	18,853.68	(12,204.46)	12,204.46	-	-
3020	Communications Office	6,383.25	-	-	6,383.25	8,230.06	(1,846.81)	1,846.81	-	-
3030	Congregational Excel	9,574.86	-	-	9,574.86	7,717.29	1,857.57	(1,857.57)	-	-
3040	Higher Ed & Next Gen Office	10,904.70	-	-	10,904.70	13,732.30	(2,827.60)	2,827.60	-	-
3050	Inclusivity and Lay Ldrshp Exc	6,383.25	-	-	6,383.25	-	6,383.25	(6,383.25)	-	-
3060	Justice and Missional Excel	11,436.65	-	-	11,436.65	13,791.91	(2,355.26)	2,355.26	-	-
		<b>51,331.93</b>	-	-	<b>51,331.93</b>	<b>62,325.24</b>	<b>(10,993.31)</b>	<b>10,993.31</b>	-	-

**Supporting Schedule 3 - Board & Agency Administration**

3105	Board of Church & Society	5,319.38	-	-	5,319.38	1,772.77	3,546.61	(3,546.61)	-	-
3110	Missional Ministries Board	5,319.38	-	1,378.40	6,697.78	1,651.82	5,045.96	(5,045.96)	-	-
3115	Board of Communications	6,649.22	-	-	6,649.22	4,725.39	1,923.83	(1,923.83)	-	-
3120	Board of Higher Education	2,659.67	-	-	2,659.67	2,829.05	(169.38)	169.38	-	-
3125	Board of Discipleship	7,447.13	-	-	7,447.13	7,115.28	331.85	(331.85)	-	-
3130	Church Development Team	1,595.79	-	-	1,595.79	771.55	824.24	(824.24)	-	-
3135	Board of Laity	6,915.18	-	-	6,915.18	6,344.53	570.65	(570.65)	-	-
3140	CEMCA	1,595.79	-	-	1,595.79	2,152.64	(556.85)	556.85	-	-
3145	COSROW	797.93	-	-	797.93	511.78	286.15	(286.15)	-	-
3150	Commission on Disabilities	1,329.84	-	500.00	1,829.84	1,411.04	418.80	(418.80)	-	-
3155	Connections 21 Interns	8,510.99	-	-	8,510.99	6,504.80	2,006.19	(2,006.19)	-	-
3160	Committee on Mission Personnel	19,628.17	-	-	19,628.17	1,438.00	18,190.17	(18,190.17)	-	-
		<b>67,768.47</b>	-	<b>1,878.40</b>	<b>69,646.87</b>	<b>37,228.65</b>	<b>32,418.22</b>	<b>(32,418.22)</b>	-	-



**402 - Conference Services**  
**Financial Summary**

December 31, 2019

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
<b>Funds that Close to Reserves:</b>										
2100	Treasurer's Office	360,204	-	114,450	474,654	546,988	(72,335)	72,335	-	-
2110	Computer Services	116,836	(24,343)	700	93,193	114,964	(21,771)	21,771	-	-
2120	Annual Conference Session	233,831	-	3,324	237,155	281,078	(43,923)	43,923	-	-
2130	Conf Publications Committee	10,824	-	1,085	11,909	21,111	(9,202)	9,202	-	-
2140	Council on Finance & Admin	2,228	-	-	2,228	3,448	(1,220)	1,220	-	-
2150	Board of Trustees	1,273	-	-	1,273	868	405	(405)	-	-
2160	Committee on Episcopacy	1,751	-	-	1,751	1,077	674	(674)	-	-
2170	Historical Society	7,163	-	-	7,163	7,320	(157)	157	-	-
2180	Assistant to Bishop	76,405	-	-	76,405	84,697	(8,292)	8,292	-	-
2190	Cabinet Discretionary Fund	13,466	-	-	13,466	2,000	11,466	(11,466)	-	-
2200	Pastor Relocation Transition	15,281	-	-	15,281	5,334	9,947	(9,947)	-	-
2210	Episcopal Residence	-	-	20,000	20,000	30,307	(10,307)	10,307	-	-
2220	Episcopal Budget Support	23,877	-	-	23,877	26,500	(2,623)	2,623	-	-
2230	Conference Liability Insurance	13,530	-	-	13,530	17,310	(3,780)	3,780	-	-
2270	General Conference Delegation	8,914	-	-	8,914	5,491	3,423	(3,423)	-	-
2290	Contingencies	8,978	-	15,826	24,804	44,021	(19,217)	19,217	-	-
2300	BOM Personnel Costs	224,758	-	-	224,758	208,963	15,795	(15,795)	-	-
2310	Clergy Excellence Admin.	14,326	-	-	14,326	7,347	6,979	(6,979)	-	-
2320	Board of Ordained Ministry	65,581	-	-	65,581	65,901	(320)	320	-	-
2330	BOM - Ministerial Support	34,223	-	2,865	37,088	18,289	18,799	(18,799)	-	-
2400	Postage, Printing & Phone	43,137	-	8,953	52,090	49,160	2,930	(2,930)	-	-
		1,276,586	(24,343)	167,203	1,419,446	1,542,174	(122,729)	122,729	-	-
<b>CFA Designated Funds with Carryover Balances:</b>										
4000	United Methodist Center	170,797	24,343	133,976	329,116	395,816	(66,700)	-	42,520	(24,180)
4010	Building Maintenance Fund	-	-	-	-	-	-	-	200,000	200,000
4020	Wesley Foundation Inc.	-	(4,863)	-	(4,863)	-	(4,863)	-	4,863	-
4030	Legal Expenses	89,935	-	-	89,935	245,830	(155,895)	225,689	(69,794)	-
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,273	6,273
4070	Archives	14,326	-	4,347	18,673	18,098	575	-	(10,575)	(10,000)
4080	Sustentation Fund	-	-	-	-	-	-	-	20,000	20,000
4090	Bishop Strategic Collaboration	-	-	29,029	29,029	25,130	3,899	-	(3,899)	-
		275,058	19,480	167,352	461,890	684,874	(222,984)	225,689	189,388	192,093



**CFA Designated Funds with Carryover Balances**  
**Financial Summary**

**December 31, 2019**

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
<b>CFA</b>										
4000	United Methodist Center	170,797	24,343	133,976	329,116	395,816	(66,700)	-	42,520	(24,180)
4010	Building Maintenance Fund	-	-	-	-	-	-	-	200,000	200,000
4020	Wesley Foundation Inc.	-	(4,863)	-	(4,863)	-	(4,863)	-	4,863	-
4030	Legal Expenses	89,935	-	-	89,935	245,830	(155,895)	225,689	(69,794)	-
4060	Employee Moving Fund	-	-	-	-	-	-	-	6,273	6,273
4070	Archives	14,326	-	4,347	18,673	18,098	575	-	(10,575)	(10,000)
4080	Sustentation Fund	-	-	-	-	-	-	-	20,000	20,000
4090	Bishop Strategic Collaboration	-	-	29,029	29,029	25,130	3,899	-	(3,899)	-
		<b>275,058</b>	<b>19,480</b>	<b>167,352</b>	<b>461,890</b>	<b>684,874</b>	<b>(222,984)</b>	<b>225,689</b>	<b>189,388</b>	<b>192,093</b>
<b>Common Table</b>										
6100	Advocate Publication	-	-	40,888	40,888	66,976	(26,088)	-	143,715	117,627
6200	Lay Servant Ministries	-	-	7,803	7,803	8,993	(1,190)	-	3,289	2,099
6210	Board of Laity Special Project	-	-	-	-	-	-	-	4,887	4,887
6220	CommonTable Youth Contingency	-	-	-	-	-	-	-	801	801
6225	Campus Ministry Team	-	-	-	-	7,283	(7,283)	-	9,560	2,277
6230	Camp Rainbow	-	-	64,425	64,425	75,394	(10,969)	-	26,384	15,415
6240	Commission on Disabilities	-	-	859	859	2,905	(2,046)	-	9,430	7,384
6310	UMVIM	-	-	30	30	3,967	(3,937)	-	27,093	23,156
6311	UMVIM - Haiti	-	-	26,150	26,150	45,565	(19,415)	-	68,913	49,498
6320	Wesley Fdtn Cap Improvements	216,366	-	216,366	432,732	120,934	311,798	-	-	311,798
6330	Wesley Foundation Maintenance	51,864	4,863	51,864	108,591	36,533	72,058	-	-	72,058
6340	Mental Health Conference	-	-	-	-	-	-	-	1,233	1,233
6400	All God's Children Camp	-	-	72,679	72,679	93,490	(20,811)	-	16,651	(4,160)
6420	Safe Sanctuaries Training	-	-	-	-	-	-	-	2,052	2,052
6505	Five Talent Academy - Events	-	-	13,268	13,268	16,068	(2,800)	-	7,539	4,739
6510	Fresh Expressions	-	-	23,000	23,000	23,761	(761)	-	-	(761)
6560	CDT Training Events	-	-	-	-	-	-	-	-	-
6565	Small Church Pastors	-	-	-	-	5,040	(5,040)	-	5,040	-
6570	Mid-Size Church Lead Pastors	-	-	265	265	(233)	498	-	(498)	-
6580	Large Church Lead Pastors	-	-	795	795	(7,950)	8,745	-	(8,745)	-
6590	Clergywomen's Coaching Init.	-	-	-	-	6,326	(6,326)	-	6,600	274
		<b>268,230</b>	<b>4,863</b>	<b>518,392</b>	<b>791,485</b>	<b>505,052</b>	<b>286,433</b>	<b>-</b>	<b>323,944</b>	<b>610,377</b>
<b>Board of Ordained Ministry</b>										
4610	Welcome Meal at AC	-	-	-	-	1,369	(1,369)	-	1,818	449
4620	Order of Deacons	-	-	1,549	1,549	1,458	91	-	3,354	3,445
4630	Local Pastor's Retreat/Lunch	-	-	596	596	983	(387)	-	1,240	853
4640	Order of Elders	-	-	-	-	-	-	-	9,277	9,277
4650	Spouse Retreat	-	-	1,531	1,531	2,917	(1,386)	-	999	(387)
4660	Seminary Scholarships	-	-	24,430	24,430	24,429	1	-	270	271
4690	BOM Training Events	-	-	3,825	3,825	2,763	1,062	-	1,914	2,976
4700	Pell Fund - Josephus Daniels	-	-	70,000	70,000	75,822	(5,822)	-	5,300	(522)
4710	Calling 21	-	-	24,250	24,250	23,738	512	-	14,038	14,550
4730	AC Clergy Spouses Luncheon	-	-	-	-	-	-	-	2,738	2,738
4740	Ministers' Convocation	-	-	-	-	4,413	(4,413)	-	21,679	17,266
4760	Exploration	-	-	1,585	1,585	1,741	(156)	-	-	(156)
4770	Pilgrimages	-	-	18,600	18,600	17,208	1,392	-	1,553	2,945
4780	Cross Culture/Cross Racial	-	-	-	-	-	-	-	2,667	2,667
4790	VA Clergy Leadership Program	44,888	-	-	44,888	66,228	(21,340)	-	131,970	110,630
4800	Candidacy Summit	-	-	7,364	7,364	9,156	(1,792)	-	1,886	94
4820	Licensing School	-	-	24,381	24,381	24,381	-	-	-	-
		<b>44,888</b>	<b>-</b>	<b>178,111</b>	<b>222,999</b>	<b>256,606</b>	<b>(33,607)</b>	<b>-</b>	<b>200,703</b>	<b>167,096</b>
<b>Total</b>		<b>588,176</b>	<b>24,343</b>	<b>863,855</b>	<b>1,476,374</b>	<b>1,446,532</b>	<b>29,842</b>	<b>225,689</b>	<b>714,035</b>	<b>969,566</b>



**Donor Designated and Miscellaneous Funds  
Financial Summary**

December 31, 2019

Project #	Project Name	Apportionment Income	Transfer to/ (from)	Other Income	Total Income	Total Expenses	Receipts Over/(Under) Expenses	Closeout to Conference Reserves	Beginning Balance	Ending Balance
<b>Property &amp; Equipment</b>										
4500	Property & Equipment Fund	-	-	-	-	45,226	(45,226)	-	4,343,983	4,298,757
		-	-	-	-	45,226	(45,226)	-	4,343,983	4,298,757
<b>Church Extension Fund</b>										
6500	Church Extension Fund	881,238	-	8,176	889,414	754,030	135,384	-	1,304,598	1,439,982
		881,238	-	8,176	889,414	754,030	135,384	-	1,304,598	1,439,982
<b>Donor restricted</b>										
4600	Ministerial Education Funds	191,721	-	700	192,421	181,884	10,537	-	598,435	608,972
8010	Discipleship Circles	-	-	-	-	-	-	-	21,615	21,615
8050	Francis Asbury Education Fund	-	-	168,247	168,247	17,136	151,111	-	1,025,923	1,177,034
8100	Initiatives of Hope	-	-	5,754	5,754	9,954	(4,200)	-	14,593	10,393
8110	IOH - Mozambique	-	-	-	-	5,228	(5,228)	-	16,750	11,522
8111	IOH - Brazil	-	-	-	-	1,800	(1,800)	-	28,091	26,291
8113	Sierra Leone	-	-	-	-	1,285	(1,285)	-	1,285	-
8114	IOH - Cambodia	-	-	-	-	1,545	(1,545)	-	30,121	28,576
8115	Haiti Music School	-	-	10,000	10,000	10,000	-	-	-	-
8120	Russian Initiative	-	-	1,000	1,000	-	1,000	-	9,894	10,894
8160	CEMCA-Hispanic Aid Fund	-	-	-	-	-	-	-	9,617	9,617
8200	Bishops' Foundation	-	-	3,000	3,000	3,027	(27)	-	1,377	1,350
8300	Wesley Foundation Proceeds	-	(22,500)	-	(22,500)	-	(22,500)	-	159,056	136,556
8305	Disaster Relief Fund	-	-	25,246	25,246	21,133	4,113	-	14,243	18,356
8310	Youth Service Fund	-	-	8,853	8,853	12,228	(3,375)	-	9,572	6,197
8315	Peace with Justice	-	-	3,200	3,200	-	3,200	-	16,819	20,019
8320	Native American Awareness Sun.	-	-	5,254	5,254	10,157	(4,903)	-	22,529	17,626
8325	Christian Education Special Fd	-	-	-	-	1,000	(1,000)	-	6,701	5,701
8330	Merit Awards	-	-	-	-	-	-	-	325	325
8400	Treasurer's Discretion	-	-	-	-	104	(104)	-	2,501	2,397
8411	Matthew Recovery Grant	-	-	-	-	-	-	-	132,935	132,935
8413	UMCOR 2nd Matthew Recov Grant	-	-	-	-	5,438	(5,438)	-	5,438	-
8414	2018 Matthew Recovery	-	-	-	-	32,968	(32,968)	-	3,531	(29,437)
8415	Danville Recovery	-	-	11,161	11,161	52,551	(41,390)	-	(688)	(42,078)
		191,721	(22,500)	242,415	411,636	367,438	44,198	-	2,130,663	2,174,861
<b>Miscellaneous Connectional Funds</b>										
8503	Pandemic Relief Fund	-	-	-	-	89	(89)	-	-	(89)
8504	2019 SEJ COB Leadership Mtg	-	-	26,216	26,216	41,946	(15,730)	-	(400)	(16,130)
8505	Called Session Training Event	-	-	-	-	(203)	203	-	(844)	(641)
8506	Virginia FOCUS 2020	-	-	38,933	38,933	36,320	2,613	-	15,273	17,886
8507	2018 SEJ Historical Soc Mtg	-	-	3,491	3,491	-	3,491	-	(3,491)	-
8508	Natl Net of UM Cong Developers	-	-	(7,994)	(7,994)	-	(7,994)	-	7,994	-
8509	Clergywomen's Retreat	-	-	(20)	(20)	6,905	(6,925)	-	9,610	2,685
8510	Heritage	-	-	69	69	747	(678)	-	5,512	4,834
8520	Scouting Camporee	-	-	-	-	-	-	-	8,907	8,907
8530	Voices of Youth	-	-	20,570	20,570	29,648	(9,078)	-	10,582	1,504
8540	ARMS	-	-	10,400	10,400	9,603	797	-	20,756	21,553
8545	Richmond Area Episcopal office	-	-	-	-	-	-	-	-	-
8560	Caretakers of God's Creation	-	-	800	800	566	234	-	3,592	3,826
8565	Bishop's Convocation - Prayer	-	-	1,161	1,161	5,051	(3,890)	-	4,223	333
8566	Bishop's Conv - Race & Recon	-	-	-	-	-	-	-	1,051	1,051
8570	Conference Data Initiative	-	-	-	-	-	-	-	(351)	(351)
8575	Social Committee	-	-	630	630	676	(46)	-	32	(14)
8580	Cabinet Dues	-	-	-	-	626	(626)	-	311	(315)
		-	-	94,256	94,256	131,974	(37,718)	-	82,757	45,039
<b>Total Donor Restricted and Miscellaneous</b>		191,721	(22,500)	336,671	505,892	499,412	6,480	-	2,213,420	2,219,900

**Council on Finance and Administration**

**SECTION I - Approved Conference Budget for 2021**

	Sch.	2020	2021	% of Budget	Inc.\(Dec.)	% Chg.
<b>Conference Apportionments</b>						
401 - Conference Mission & Ministries	A	3,140,000	2,510,000	9.01%	(630,000)	-20.06%
402 - Conference Services	B	1,990,000	1,830,000	6.57%	(160,000)	-8.04%
403 - District Superintendents Fund	C	2,000,000	1,820,000	6.54%	(180,000)	-9.00%
404 - Equitable Compensation		250,000	200,000	0.72%	(50,000)	-20.00%
405 - Church Extension & Development		1,200,000	900,000	3.22%	(300,000)	-25.00%
406 - Virginia Education Fund		600,000	420,000	1.51%	(180,000)	-30.00%
<b>Total Conference Apportionments</b>		<b>9,180,000</b>	<b>7,680,000</b>	<b>27.57%</b>	<b>(1,500,000)</b>	<b>-16.34%</b>
<b>Clergy Benefits Apportionments</b>						
407 - Active Clergy Health		9,710,000	9,710,000	34.87%	-	0.00%
408 - Retired Clergy Health		6,060,000	6,060,000	21.76%	-	0.00%
409 - Pension Liability Assessment - Pre 82		750,000	-	0.00%	(750,000)	-100.00%
<b>Total Clergy Benefit Apportionments</b>		<b>16,520,000</b>	<b>15,770,000</b>	<b>56.63%</b>	<b>(750,000)</b>	<b>-4.54%</b>
<b>General &amp; Jurisdictional Apportionments</b>						
410 - Episcopal Fund		870,000	865,000	3.11%	(5,000)	-0.57%
411 - World Service		2,925,000	2,150,000	7.72%	(775,000)	-26.50%
412 - General & Interdenominational Fund		480,000	325,000	1.17%	(155,000)	-32.29%
413 - Ministerial Education		990,000	675,000	2.42%	(315,000)	-31.82%
414 - Black College Fund		395,000	315,000	1.13%	(80,000)	-20.25%
415 - Africa University Fund		90,000	70,000	0.25%	(20,000)	-22.22%
<b>Total General &amp; Jurisdictional Apportionments</b>		<b>5,750,000</b>	<b>4,400,000</b>	<b>15.80%</b>	<b>(1,350,000)</b>	<b>-23.48%</b>
<b>Total Apportionments</b>		<b>31,450,000</b>	<b>27,850,000</b>	<b>100.00%</b>	<b>(3,600,000)</b>	<b>-11.45%</b>

**NOTE:** Beginning in 2021, the Apportionment 416 - Interdenominational Cooperation Fund has been combined with the Apportionment 412 - General and Jurisdictional Fund Apportionment. The total apportionment for 2021 Interdenominational Cooperation Fund is \$10,000.



**Schedule A - Apportionment 401 - Conference Mission & Ministries**

	2020	2021	Budget	Inc.\(Dec.)	% Chg.
<b>Common Table Directed Ministries</b>					
A. Program & Board Administrative	1,379,200	1,125,000	4.04%	(254,200)	-18.43%
B. Benevolence Grants	200,000	160,000	0.57%	(40,000)	-20.00%
C. Special & Sustaining Grants	66,000	50,000	0.18%	(16,000)	-24.24%
D. Conference Programs	90,000	80,000	0.29%	(10,000)	-11.11%
E. Campus Ministries	850,000	800,000	2.87%	(50,000)	-5.88%
	2,585,200	2,215,000	7.95%	(370,200)	-14.32%
<b>Other Ministries</b>					
Wesley Foundation Capital Improvements	321,000	100,000	0.36%	(221,000)	-68.85%
Wesley Foundation Maintenance	60,000	60,000	0.22%	-	0.00%
Bishop's Discretionary Fund	30,000	20,000	0.07%	(10,000)	-33.33%
<b>Total Ministry Expenses</b>	2,996,200	2,395,000	8.60%	(601,200)	-20.07%
<b>Contingency Funds - Budget Shortfall</b>	143,800	115,000	0.41%	(28,800)	-20.03%
<b>Total 401 Apportionment</b>	<b>3,140,000</b>	<b>2,510,000</b>	<b>9.01%</b>	<b>(630,000)</b>	<b>-20.06%</b>
<b>Supporting Details for Line Items Above</b>					
<b>A. Program &amp; Board Administrative Expenses</b>					
1. Common Table	3,500	3,000	0.01%	(500)	-14.29%
2. Departmental Administration	57,900	50,000	0.18%	(7,900)	-13.64%
3. Agency Administration	60,800	50,000	0.18%	(10,800)	-17.76%
4. Personnel Costs	1,230,000	1,000,000	3.59%	(230,000)	-18.70%
5. Outsourced Graphic Design Services	7,000	6,000	0.02%	(1,000)	-14.29%
6. Video Production & Documentation	10,000	8,000	0.03%	(2,000)	-20.00%
7. Contingency	10,000	8,000	0.03%	(2,000)	-20.00%
	<b>1,379,200</b>	<b>1,125,000</b>	<b>4.04%</b>	<b>(254,200)</b>	<b>-18.43%</b>

**Schedule B - Apportionment 402 - Conference Services**

	2020	2021	Budget	Inc.\(Dec.)	% Chg.
1. Board of Ordained Ministry (see below)	411,000	344,500	1.23%	(66,500)	-16.18%
2. Bishop's Assistant	85,000	55,000	0.20%	(30,000)	-35.29%
3. Annual Conference Session	245,000	245,000	0.88%	-	0.00%
4. Treasurer's Office	450,000	405,000	1.45%	(45,000)	-10.00%
5. Computer Services	130,000	120,000	0.43%	(10,000)	-7.69%
6. Richmond Area Episcopal Expense	26,500	26,500	0.10%	-	0.00%
7. Pastor Relocation & Transition	12,000	7,500	0.03%	(4,500)	-37.50%
8. Archives	20,000	20,000	0.07%	-	0.00%
9. Council on Finance and Administration	2,500	2,000	0.01%	(500)	-20.00%
10. Historical Society	4,000	4,000	0.01%	-	0.00%
11. Board of Trustees	1,500	1,000	0.00%	(500)	-33.33%
12. Telephone Service	10,000	10,000	0.04%	-	0.00%
13. Insurance	15,000	18,000	0.06%	3,000	20.00%
14. Postage & Printing	33,000	33,000	0.12%	-	0.00%
15. Building Operations & Services	190,000	175,000	0.63%	(15,000)	-7.89%
16. Conference Publications	12,000	7,500	0.03%	(4,500)	-37.50%
17. Contingency Funds for Unforeseen Expenses	25,000	15,000	0.05%	(10,000)	-40.00%
18. Legal	200,000	200,000	0.72%	-	0.00%
19. Audit		45,000	0.16%	45,000	NA
20. Episcopal committee	2,000	2,000	0.01%	-	0.00%
21. General Conference	10,000	-	0.00%	(10,000)	-100.00%
22. Contingency Funds - Budget Shortfall	105,500	94,000	0.34%	(11,500)	-10.90%
	<b>1,990,000</b>	<b>1,830,000</b>	<b>6.57%</b>	<b>(160,000)</b>	<b>-8.04%</b>

**Board of Ordained Ministry**

1. Minister's Family Counseling	15,000	8,000	0.03%	(7,000)	-46.67%
2. Candidates' Evaluation	21,000	15,000	0.05%	(6,000)	-28.57%
3. Sexual Ethics Response Team	2,000	2,000	0.01%	-	0.00%
4. Conference Clergy Leadership Program	36,500	20,000	0.07%	(16,500)	-45.21%
5. Center for Clergy Excellence	16,000	14,500	0.05%	(1,500)	-9.38%
6. Personnel Costs	245,000	215,000	0.77%	(30,000)	-12.24%
7. Board of Ordained Ministry Administration	75,500	70,000	0.25%	(5,500)	-7.28%
	<b>411,000</b>	<b>344,500</b>	<b>1.23%</b>	<b>(66,500)</b>	<b>-15.57%</b>

**Schedule C - Apportionment 403 - District Superintendents Fund**

	2020	2021	Budget	Inc.\(Dec.)	% Chg.
1. Salaries & Pension	1,685,000	1,645,000	5.91%	(40,000)	-2.37%
2. Travel & Meetings	140,000	130,000	0.47%	(10,000)	-7.14%
3. Continuing Education & Other	45,000	30,000	0.11%	(15,000)	-33.33%
4. Contingency Funds - Conference Budget Shortfall	130,000	15,000	0.05%	(115,000)	-88.46%
	<b>2,000,000</b>	<b>1,820,000</b>	<b>6.54%</b>	<b>(180,000)</b>	<b>-9.00%</b>

## **SECTION II - Recommended Apportionments to Districts and Local Churches**

### **A. Total Recommended Apportionment Levels:**

The Council of Finance and Administration (CFA) recommends that the amounts apportioned from the General, Jurisdictional, and Annual Conference be apportioned to the districts as follows:

#### **2021 Virginia Annual Conference Apportionments**

401-Conference Mission & Ministries	\$	2,510,000
402-Conference Services		1,830,000
403-District Superintendents Fund		1,820,000
404-Equitable Compensation		200,000
405-Church Extension & Development		900,000
406-Virginia Education Fund		420,000
407-Active Clergy Health		9,710,000
408-Retired Clergy Health		6,060,000
410-Episcopal Fund		865,000
411-World Service		2,150,000
412-General & Interdenominational Fund		325,000
413-Ministerial Education Fund		675,000
414-Black College Fund		315,000
415-Africa University Fund		70,000
	<b>\$</b>	<b>27,850,000</b>

### **B. CONFERENCE APPORTIONMENT RECOMMENDATION SPECIFICS:**

The Conference Apportionments are intended to carry out the mission and ministry of the Virginia Annual Conference. All balances at the end of the year are to be closed to Conference Reserves unless an exception is granted by the Conference Council on Finance and Administration.

#### **401-Conference Mission & Ministries**

- This apportionment provides funding for the Conference Common Table benevolences and ministries, including Campus Ministries, other Common Table Program Boards and Agencies support.

#### **402-Conference Services**

- This apportionment primarily covers the administrative requirements of the Book of Discipline and Conference owned properties.

#### **403-District Superintendents Fund**

- This apportionment covers the personnel and travel costs of the District Superintendents.

#### 404-Equitable Compensation

- This apportionment is required by the Book of Discipline and is administered by the Equitable Compensation Commission to provide clergy salary supplementation based upon their policies and procedures.

#### 405-Church Extension and Development Fund (CEF)

- This apportionment is based on recommendations of the Common Table and is directed to the Church Development Team for use in providing conference-wide grants to new and existing churches in accordance of the policies of the Common Table.

#### 406-Virginia Education Fund

■ This apportionment is apportioned to the districts at \$420,000 for 2021. Based on recommendations of the Common Table, the following percentage distribution of the Fund is proposed for 2021:

#### Virginia Education Fund Allocation

Ferrum College	23.0%	96,600
Randolph-Macon College	22.0%	92,400
Randolph-Macon Academy	12.0%	50,400
Shenandoah University	21.5%	90,300
Virginia Wesleyan College	21.5%	90,300
		<u>\$ 420,000</u>

#### Report on 2019

■ As set out in the Annual Conference procedures, the Annual Conference is informed, through this report, of shortfalls in the Apportionments that impact Conference Reserves. These shortfalls were managed through budget cuts, contingency funds and Conference reserves in accordance with Annual Conference-approved policy. Below are the stated Apportionments for 2019.

	Shortfall
401 Conference Mission & Ministries	565,314
402 Conference Services	278,471
403 District Superintendents	290,173
404 Equitable Compensation	52,561
	<u>1,186,519</u>

### **SECTION III — Apportionment Procedures**

#### **A. APPORTIONMENT FORMULA:**

■ All Apportionments except for the Active Clergy Health Benefits Apportionments are calculated using the last year of available statistics of each local church (i.e. 2021 apportionments are calculated using 2019 statistics). The formula is based on total net paid expenses which are the total expenditures of the church minus expenditures for benevolent causes, apportionments, capital improvements, and payments on loans and mortgages. The apportionments for each church are sent to each district based on decimal calculations from the formula below.

**Individual Church Net Paid/Total of all Conference Churches Net Paid = Church Decidual**

- **Active Clergy Health Benefits Apportionment Formula**

The costs of the active clergy health benefits will be apportioned using a two-tier calculation. The first tier will consist of a fixed dollar amount (\$5,000) per health plan eligible clergy based upon the July 1, 2020 appointment list. The remaining costs after the tier one calculation will be apportioned to the churches based upon total clergy (regardless of classification) compensation (salary plus accountable reimbursement) paid by a church divided by the total clergy compensation paid in the last year of available statistics (2019 for 2021 appointments).
- The district then passes the apportionments on to the local church according to recommendations developed by the district superintendents and the district stewards.
- The Council on Finance and Administration, in consultation with the Church Development Team and Cabinet, has the authority to set a policy for apportioning newly chartered churches, Legacy churches, and 2<sup>nd</sup> sites of chartered churches.
  - Effective January 1, 2016, the policy will be to phase in the apportionments for new chartered churches over a five year period with the first year beginning at 20% and increasing 20% for each subsequent year until the church is at 100%.
  - Effective January 1, 2016, for a Legacy church as determined by the Church Development Team and the Cabinet, the district superintendent may present a projected budget of expenses to be used in the Legacy church's apportionment calculation for the first 18 months of its classification as a Legacy church.
  - Effective January 1, 2016 for a 2<sup>nd</sup> site (satellite & multi-site) locations that are recognized as new faith communities by the Church Development Team and the Cabinet, the existing chartered church may exclude direct expenses of the second site from the apportionment calculation based upon the following schedule:

0-42 months	100%
43-54 months	80%
55-66 months	60%
67-78 months	40%
79-90 months	20%
- Effective January 1, 2017, for a Renewal church location as determined by the Church Development Team and the Cabinet, the existing chartered church will be treated in the same manner as a newly chartered church.
- Effective January 1, 2020, Ecumenical (multi-denominational) churches will be direct billed for health insurance when they are served by an eligible United Methodist pastor and will not be subject to the 407 apportionment.

**B. REPORTING GUIDELINES:**

- District superintendents will report the apportioned amounts for each church to the Conference treasurer and the apportioned amounts will be shown on the monthly Treasurer's report sent to each church.
- Apportionments are to be calculated and distributed annually rather than on a quadrennial basis.
- The Annual Conference will raise World Service funds only through contributions from the local churches. CFA urges that district superintendents, pastors, and local church leaders seek to fully implement Section #12 of the 2016 Discipline.

## **C. IMPORTANCE OF WORLD SERVICE:**

- The importance of World Service to the life of the Church is lifted up to the Annual Conference. "The World Service Fund is basic in the financial program of The United Methodist Church. The World Service apportionment represents the minimum needs of the general agencies of the Church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church." (Section 812 of the 2016 Discipline).

## **SECTION IV - Annual Conference Special Offerings**

Annual Conference offerings provide important and life-giving support for key Conference programs. The following are recommended for approval for 2021:

- **United Methodist Family Services.** It is recommended that December be designated as United Methodist Family Services Month and that each church promote an offering during this time for this purpose.
- **Pinnacle Living (Samaritan Fund).** It is recommended that the period between Mother's Day and Father's Day be designated in support of the Pinnacle Living (Samaritan Fund), and that local church offerings collected during that period be dedicated to this ministry.
- **Heart Harvest.** It is recommended that February be designated as Heart Harvest Month and that each church promote an offering during this time for this purpose.
- **Annual Conference Offering.** CFA recommends continued support for this important offering.

## **SECTION V - Policies**

### **A. DISTRICT SUPERINTENDENT'S FUND**

Overall Policies for the Fund:

- In compliance with the Book of Discipline, the current salaries and expenses for district superintendents (DS), and those under special appointment, will be published in the Conference Journal with each DS's salary individually calculated and assigned each year as part of the appointive process, using the following criteria:
  - Each District Superintendent's salary shall be \$90,000.
  - Each year, the annual salaries of the District Superintendents are to be recommended by CFA to the Annual Conference.
  - CFA also administers salary-related expenses, to include such items as pensions, supplemental benefits, travel by voucher, continuing education, and other Cabinet-related expenses.
  - The total cost of salaries and related expenses apportioned to Districts are to be based on the current approved decimal system (upon recommendation of CFA).
  - All other District Superintendent's costs, such as housing, district office expenses and staff, are to be paid at the district level.

### **B. TRAVEL & MEETING EXPENSES**

Board and Agency members and staff engaged in Conference business are provided and are to be managed as follows:

- The mileage reimbursement rate is set at 45 cents for Conference staff. The mileage reimbursement rate for volunteers is set at half the IRS rate for volunteers (currently 29 cents) for those serving boards and agencies of the Conference.
- Meals are to be reimbursed at actual costs, but not to exceed \$20 per 24-hour period. (Breakfast on the date of departure from home/office is not accepted; dinner on the date of return is not accepted, except when the arrival to home/office is after 7 p.m.).
- Reimbursement for daily room charges is set at \$100, if the travel incurred extends to a period over three hours prior to the starting time of 10 a.m. on the day of the meeting.

- Spouse expenses are not part of allowable expenses.
- To encourage stewardship in this area, CFA suggests: (1) that advance reading materials be provided for study prior to meetings; and (2) that there be use of teleconferencing, where feasible.

### C. INDIVIDUAL EXPENSES FOR ANNUAL CONFERENCE

Provided for and managed as follows:

- Each charge is responsible for the expenses of both the clergy and lay members (including diocesan ministers) from that charge to the annual conference, working out its own plan of compensating for actual expenses.
- Persons not covered through local church appointment shall receive annual conference reimbursement not to exceed \$170 a night for mileage, meals and lodging; the Conference treasurer shall reimburse the claimant through voucher of approved expenses. Coverage under this section extends to:
  - (a) retired clergy who retired with pension under one of the Disciplinary options and who are not serving full-time;
  - (b) clergy on medical leave;
  - (c) clergy on sabbatical leave who are members of the Virginia Annual Conference;
  - (d) retired diocesan ministers who served at least eight years in the Virginia Conference and who are granted a retired relationship by the Conference;
  - (e) persons expecting their first appointment;
  - (f) members of the conference who have been appointed to attend a theological school;
  - (g) those serving as chaplains in Armed Forces;
  - (h) deaconesses under appointment;
  - (i) furloughed missionary members of the Virginia Annual Conference;
  - (j) those on loan to other annual conferences, whose expenses are not otherwise provided for; and
  - (k) clergy returning from an approved leave of absence receiving local church pastoral appointments.
- Each district is responsible for the expenses of its district superintendent, youth members and members-at-large.
- Each board, agency or committee is responsible for the expenses of its chairpersons, if that person is not a clergy or lay member whose costs are covered by their charge or district.

### D. CONFERENCE RESERVE FUNDS

Policies on the Maintenance of Reserve Fund Levels:

- The Council monitors the Conference Reserves to ensure the ability to cover future contingencies including:
  - a) Reserve funds for emergencies and catastrophic needs related to the maintenance of Conference property held by the Conference trustees, and include: (1) Virginia United Methodist Center; (2) Wesley Foundation buildings; and (3) the Episcopal residence. [The total value of these properties is estimated at more than \$15 million.]
  - b) Reserve funds for cash flow purposes.
  - c) Reserve funds for economic and financial downturns.
- The Council has set the following target for Conference Reserve Funds:

#### Core Reserves:

A. 20% of the Conference Budget that flows to reserves	\$ 1,476,000
a. 401 – Conference Mission and Ministries	
b. 402 – Conference Services	
c. 403 – District Superintendents’ Fund	
d. 404 – Equitable Compensation Fund	
B. 15% of Invested Assets	<u>937,000</u>
	<u>\$ 2,413,000</u>

At December 31, 2019 the Annual Conference had reserves greater than the target amount.

- Consistent with approved Annual Conference policies (effective January 1992), the use of investment income is authorized to maintain reserve levels. (At the discretion of CFA, excesses may be used to: (1) meet shortfalls in Conference benevolences; (2) meet shortfalls in Conference Services; and/or (3) reduce apportionments from the Annual Conference to local churches.
- Reserve funds in the amount of \$300,000 are available to cover actions emerging from Annual Conference vote, emergencies, support of advances for campaigns, and potential liabilities of the Conference.
- Of the amounts reserved: (1) up to \$50,000 is available for emergency needs of the Common Table, with the approval of CFA; and (2) up to \$100,000 may be allocated by CFA between sessions of Annual Conference, as deemed necessary.
- The status of Conference reserves at the end of the prior actual year is to be reviewed each year by CFA and included in the Treasurer's Report to the Annual Conference Session.

#### **E. PASTOR RELOCATION TRANSITION FUND**

1. By action of the June 2001 Annual Conference, CFA has established Pastor Relocation Transition Fund and has provided funding through the Conference Services apportionment.
2. Churches/churches which are served by fulltime clergy appointed to their charge as pastor may request reimbursement on the following schedule for an incoming pastor, if the previous pastor served two years or less in the appointment to their charge:
  - One-year appointment – Seventy-five percent of the verified moving expenses up to a maximum of \$3,000 reimbursement.
  - Two-year appointment – Fifty percent of the verified moving expenses up to a maximum of \$2,000 reimbursement.
3. No moving expenses will be reimbursed that are not in compliance with the Virginia Annual Conference Guidelines for Moving Expenses as printed in the Journal of the Virginia Annual Conference.
4. Payment will be made at the end of the year based on a pro-rata share of the apportionment receipts from the churches.

#### **F. CONFERENCE JOURNAL**

The 2020 *Journal* is to be made available by posting on the Virginia Conference website ([www.vaacm.org](http://www.vaacm.org)) as a PDF file. It will be available as a printed copy upon request at a cost of \$25 which includes shipping. Requests for printed copies must be made by October 1 of the calendar year, and payment must be made at the time the order is placed. Only a small quantity of Journals will be printed and distributed in compliance with the Book of Discipline (806.2), to district offices, Conference staff, and those purchasing copies before the October 1 deadline.

#### **G. CONFERENCE PUBLICATIONS COMMITTEE**

It is recommended that the Conference-Provided Publications Committee be continued, composed of the following: (1) the Director of Connectional Ministries; (2) Conference Treasurer; and (3) the Conference Director of Communications, who will serve as the convener of the committee. The Committee may convene at any time at the request of any committee member as long as a majority of the committee members are present. [The committee oversees the production and publication of the conference *Journal* and other such publications and mailings that are appropriate to keeping the conference members linked to the business of the Annual Conference.]

#### **H. CLERGY DIRECTORY**

One copy of the *Directory of the Ministry* is to be mailed to all Virginia Conference clergy (active and retired, including lay pastors and diaconal ministers). Widows/widowers of clergy are also entitled to a free copy upon request. Additional copies may be purchased at a cost of \$4 each (includes shipping and handling). An updated version of the directory is available on the Conference website as a pdf file.



## **I. AUDIT REPORTS**

The Council on Finance and Administration reminds all district offices, agencies, institutions, and organizations receiving any financial support from conference funds or from any authorized conference-wide appeal to be in compliance with the 2016 Book of Discipline 617.2 and 617.3 to submit audited financial statements to the Conference Treasurer no later than six months after the end of the organization's fiscal year.

## **J. IRS REGULATIONS**

CFA reminds all church and/or charge treasurers to comply with the IRS regulations.

## **K. REQUESTS FOR BUDGET FUNDING**

CFA recommends that all groups requesting funding from CFA submit requests for budget funding to CFA by January 15 of the year the request is being made. This will allow the requests to be reviewed by CFA in sufficient time for consideration at the Annual Conference Session the following June.

## **SECTION VI – A Church in Mission**

We are a Church in Mission and a three-pronged focus of teaching, communication, and recognition enriches us as a Conference and as Christians. With it, we are able to share and learn further what it means to enter into the vision and share concerns with many people. But more importantly, it sets out a focus throughout our Conference on the value and importance of the unique connective relationship we have as United Methodists.

Our charter has already been defined for us and it is set out in Scripture: "Just as in the human body, though it is made up of many parts, is a single unit, because of these parts, though many, make one body, so it is with Christ." (1 Corinthians 12:12). And that body is composed of all of God's children, including the rich and poor, found and lost, and secure and dispossessed. For as Jesus said, "Truly, I tell you, just as you did it to one of the least of these who are members of my family, you did it to me." (Matthew 25:40).

As part of that body, we are called to serve our brothers and sisters in mission throughout the connection. Because of our covenant with God and with each other, it is our goal to fund the basic missional witness of the United Methodist Church.

We have much to be proud of as a Conference, as we live out the full meaning of the Stewardship of the Gospel. Our connective giving — the important life blood of the work we all do together — is a reflection of the great commitment that Virginia United Methodists have to the mission and ministry work of our Lord. The budgets we draw up, while important, are more than a series of numbers. They reveal the very character of the people who build them, support them, and act through them. They are Christ's work in the world, put into a plan for receiving and spending — collective understandings of commitments to fulfilling ministries and mission priorities. It's no small thing we do individually, when collectively we are making such big impacts beyond our church doors.

The Stewardship of our Conference is part of our response to the needs we know about, as well as those not yet seen. Seeing the need, then doing what Jesus would do. That's true Stewardship! It's our faith in action!

Betty Forbes, President

# **The Central Treasury of the Virginia Conference of the United Methodist Church**

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**Financial Statements**

**Years Ended December 31, 2019 and 2018**





## **Independent Auditors' Report**

Council on Finance and Administration  
The Central Treasury of the Virginia Conference  
of the United Methodist Church  
Glen Allen, Virginia

We have audited the accompanying financial statements of The Central Treasury of the Virginia Conference of the United Methodist Church (a division of the Virginia Conference of the United Methodist Church), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Central Treasury of the Virginia Conference of the United Methodist Church as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Dixon Hughes Goodman LLP*

**Richmond, Virginia**  
**July 22, 2020**

**The Central Treasury of the Virginia Conference**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,144,958	\$ 1,945,913
Accounts receivable, net	2,572,252	2,640,081
Other current assets	99,385	93,772
Total current assets	<u>3,816,595</u>	<u>4,679,766</u>
Investments	<u>6,243,417</u>	<u>5,697,044</u>
Noncurrent assets:		
Loans receivable	620,628	149,848
Funds held by United Methodist Church	1,169,670	1,022,666
Property and equipment, net	4,298,757	4,343,982
Total noncurrent assets	<u>6,089,055</u>	<u>5,516,496</u>
Total assets	<u>\$ 16,149,067</u>	<u>\$ 15,893,306</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Apportionments payable to other entities	\$ 2,903,874	\$ 2,845,917
Accounts payable and accrued expenses	1,204,120	1,256,159
Unearned revenue	86,553	73,900
Total liabilities	<u>4,194,547</u>	<u>4,175,976</u>
Net assets:		
Without donor restrictions	7,539,953	7,427,078
With donor restrictions	4,414,567	4,290,252
Total net assets	<u>11,954,520</u>	<u>11,717,330</u>
Total liabilities and net assets	<u>\$ 16,149,067</u>	<u>\$ 15,893,306</u>

**The Central Treasury of the Virginia Conference**  
**Statements of Activities**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Support and revenue without donor restrictions:		
Apportionments from churches	\$ 24,919,907	\$ 26,716,298
Second mile giving from churches	1,284,909	1,487,039
Other income	263,008	291,268
Miscellaneous program income	187,342	94,550
Investment income (loss), net	701,052	(205,185)
Release from restrictions	<u>2,402,223</u>	<u>2,901,612</u>
Total support and revenue without donor restrictions	<u>29,758,441</u>	<u>31,285,582</u>
Expenses:		
Program services	25,375,083	27,514,766
Management and general	<u>4,270,483</u>	<u>4,093,762</u>
Total expenses:	<u>29,645,566</u>	<u>31,608,528</u>
Change in net assets without donor restrictions	112,875	(322,946)
Support and revenue with donor restrictions:		
Apportionments from churches	1,738,155	1,301,788
Registrations	240,696	341,819
Investment income	168,251	5,519
Contributions	147,246	315,225
Grants and scholarships	107,063	385,959
Second mile giving from churches	80,285	92,682
Miscellaneous program income	29,888	37,290
Other income	14,954	41,251
Release from restrictions	<u>(2,402,223)</u>	<u>(2,901,612)</u>
Change in net assets with donor restrictions	<u>124,315</u>	<u>(380,079)</u>
Change in net assets	237,190	(703,025)
Net assets, beginning of year	<u>11,717,330</u>	<u>12,420,355</u>
Net assets, end of year	<u>\$ 11,954,520</u>	<u>\$ 11,717,330</u>

**The Central Treasury of the Virginia Conference**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Remittances of apportionment income	\$ 18,956,329	\$ -	\$ 18,956,329
Costs of ministry	1,686,960	1,669,079	3,356,039
Donations and grants	1,828,079	51,800	1,879,879
Personnel costs, lay employees	235,324	678,771	914,095
Distributions of second mile giving	899,918	-	899,918
Other expenses	401,825	417,911	819,736
Distributions of church apportionment income	669,527	-	669,527
Conference activities	238,240	280,743	518,983
Travel and meetings	238,253	357,367	595,620
Professional fees	59,676	316,622	376,298
Depreciation	41,254	200,772	242,026
Office expenses	88,640	117,862	206,502
Utilities	8,541	129,009	137,550
Training	22,517	50,547	73,064
	<u>\$ 25,375,083</u>	<u>\$ 4,270,483</u>	<u>\$ 29,645,566</u>
	<b>2018</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Remittances of apportionment income	\$ 20,099,258	\$ -	\$ 20,099,258
Costs of ministry	1,610,209	1,836,937	3,447,146
Donations and grants	2,032,242	79,701	2,111,943
Personnel costs, lay employees	250,225	750,195	1,000,420
Distributions of second mile giving	1,106,977	-	1,106,977
Other expenses	621,430	259,887	881,317
Distributions of church apportionment income	775,481	-	775,481
Conference activities	284,175	192,064	476,239
Travel and meetings	429,389	220,280	649,669
Professional fees	70,187	195,110	265,297
Depreciation	44,214	154,642	198,856
Office expenses	121,302	97,655	218,957
Loan loss write-off	-	151,943	151,943
Utilities	13,649	124,475	138,124
Training	56,028	30,873	86,901
	<u>\$ 27,514,766</u>	<u>\$ 4,093,762</u>	<u>\$ 31,608,528</u>

**The Central Treasury of the Virginia Conference**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 237,190	\$ (703,025)
Adjustments to reconcile change in assets to net cash (used) provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(649,345)	276,453
Gain on sale of property plant and equipment	-	(17,859)
Loan loss write-off	-	151,943
Depreciation expense	242,026	198,856
Change in assets and liabilities:		
Accounts receivable	67,829	676,079
Other current assets	(5,613)	(36,469)
Apportionments payable to other entities	57,957	(261,131)
Accounts payable and accrued expenses	(52,039)	(227,362)
Unearned revenue	12,653	30,387
Net cash (used) provided by operating activities	<u>(89,342)</u>	<u>87,872</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	2,453,071	600,000
Purchase of investments	(2,350,099)	(126,786)
Purchase of property and equipment	(196,801)	(171,697)
Proceeds from the sale of property and equipment	-	17,859
Increase in funds held by the United Methodist Church	(147,004)	(7,095)
Loans receivable issued	(479,900)	(310,415)
Repayments received on loans receivable	9,120	429,134
Net cash (used) provided by investing activities	<u>(711,613)</u>	<u>431,000</u>
Net (decrease) increase in cash and cash equivalents	<b>(800,955)</b>	518,872
Cash and cash equivalents, beginning of year	<u>1,945,913</u>	<u>1,427,041</u>
Cash and cash equivalents, end of year	<u><b>\$ 1,144,958</b></u>	<u><b>\$ 1,945,913</b></u>



## The Central Treasury of the Virginia Conference of the United Methodist Church Notes to Financial Statements

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### Notes to the Financial Statements

#### 1. Organization and Nature of Activities

The Central Treasury of the Virginia Conference of the United Methodist Church (Central Treasury) is a division within the Virginia Conference of the United Methodist Church (Conference). The Central Treasury receives and disburses, in accordance with the actions of the Conference, remittances from local church treasurers for all duly authorized general, jurisdictional, Conference, and district causes. It also implements administrative and fiscal policies and procedures as directed by the Council of Finance and Administration.

The purpose of the Council on Finance and Administration is to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures and management services for the Annual Conference.

The purpose of the Conference is to coordinate the relationship between the general program boards and commissions and the conference, districts, and Virginia United Methodist churches.

These financial statements include only the accounts of the Central Treasury and are not intended to present the financial position and results of the whole Conference.

#### 2. Summary of Significant Accounting Policies

##### *Classes of net assets*

The financial statements of the Central Treasury have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Central Treasury to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Central Treasury's management and the Council on Finance and Administration for use in the Central Treasury's operations.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Central Treasury or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

## **The Central Treasury of the Virginia Conference of the United Methodist Church Notes to Financial Statements**

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### ***Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

### ***Cash and cash equivalents***

Cash and cash equivalents includes items such as short-term, highly liquid investments with maturities of three months or less at the date of purchase.

### ***Investments***

All investments in marketable securities with readily determinable fair values are valued at fair value as determined by the investment management firm holding the assets. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses are recognized in the period in which they occur. Interest and dividends are recognized in the period earned, and realized gains or losses on securities are recorded in the period of sale.

### ***Accounts receivables and bad debts***

Accounts receivable are reported at their estimated realizable value, net of an estimated allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. It is the Central Treasury's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. As of December 31, 2019 and 2018, management determined that no allowance was necessary.

### ***Loans receivable***

Loans receivable are stated at their principal amount outstanding less the related allowance for loan losses and are collateralized by buildings and land. Interest rates on loans are subject to review and adjustment on a periodic basis.

### ***Allowance of loan losses***

The allowance for doubtful loans is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. The analysis is also based on a periodic review of payments and other factors based on the Central Treasury's historical experiences. To date, no loans have been in arrears or default and no loan has required modification to acclimate to a borrower's adverse circumstances or ability to repay. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for loan losses in the period in which they become known. In addition, the net realizable value of the property serving as collateral for delinquent loans will be assessed on an annual basis.

A loan is considered impaired when, based upon current information and events, it is probable that the Central Treasury will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 30 days overdue. Loans will continue to accrue interest when a loan is delinquent; however, all accrued interest may be included in the allowance for doubtful loans. Payments for delinquent or impaired loans are treated as a payment of interest due until all accrued interest has been paid. Interest income on delinquent loans is recognized according to the original amortization schedule (accrual method). The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. At December 31, 2019 and 2018, the Central Treasury has no loans it considered impaired. As a result, management has elected not to record an allowance for loan losses.

## The Central Treasury of the Virginia Conference of the United Methodist Church Notes to Financial Statements

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### ***Property and equipment***

Property and equipment are stated at cost or the estimates fair value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings and improvements	15 - 40 years
Equipment, fixtures, and furniture	5 - 7 years
Computer equipment and software	3 - 5 years

Maintenance, repairs, and minor renewals are expensed when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the current year's operations.

The Central Treasury reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Central Treasury to conclude that impairment indicators exist and that long-lived assets may be impaired. To date, no impairment losses have been recorded.

### ***Recognition of contributions***

Contributions are recorded at their estimated fair value when the donor makes a promise to give that is, in substance, unconditional.

### ***Recent accounting pronouncements***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Central Treasury adopted the new standard effective January 1, 2019, the first day of the Central Treasury's fiscal year using the modified retrospective approach. The adoption did not result in a material difference from the previous policy and therefore, the Central Treasury's beginning net assets have not been adjusted to reflect any adjustments.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Central Treasury implemented the provisions of ASU 2018-08 effective January 1, 2019 using the modified prospective basis. There was no impact on beginning net assets in connection with the implementation of ASU 2018-08 and no change in contribution recognition.

### ***Revenue recognition***

Revenues accounted for under Topic 606 include registrations and administrative service fees. The nature of the Central Treasury's exchange contracts generally do not include variable consideration that require significant judgments to estimate the transaction price or related constraints due to risk of significant reversal.

#### ***Registrations***

The Central Treasury organizes and hosts various events and trainings for United Methodist churches and members. Fees are charged to attendees at the time of registration. In some cases, the Central Treasury may receive payment prior to the recognition of revenue. These contract liabilities are reported as unearned revenue on the statement of financial position. Revenue is recognized at a point in time, upon completion of the event.

#### ***Administrative services revenue***

The Central Treasury provides accounting and bookkeeping services for various related and affiliated entities. The Central Treasury bills these entities in equal monthly installments based upon the annual agreed upon fee. As the Central Treasury has agreed to perform these activities throughout the year, revenue is recognized over time,

**The Central Treasury of the Virginia Conference of the United Methodist Church  
Notes to Financial Statements**

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ratably per month. As this recognition corresponds with billings, there are no amounts recorded as contract liabilities or assets related to administrative services revenue. Administrative services revenue is included in miscellaneous program income on the accompanying statements of activities.

*Subscription and advertising*

The Central Treasury produced a monthly publication to which individuals could subscribe for an annual fee. Payment for these subscriptions was received in full at the start of an individual's subscription, which was offered in one, two, and three-year increments. Upon receipt of funds, unearned revenue was recorded. As the monthly publications were issued, the Central Treasury recorded revenue over time, ratably per month as each magazine was published. This publication was discontinued at the end of 2019 and therefore there is no unearned subscription revenue recorded at December 31, 2019.

Advertising revenue was earned from various other church related organizations which advertised within this monthly publication. Revenue was recognized when the publication was mailed to subscribers. Subscription and advertising revenue is included in other income on the accompanying statement of activities.

*Disaggregation of revenue from contracts with customers*

The following table disaggregates the Central Treasury's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2019:

Over time	\$ 155,317
Point-in-time	<u>275,906</u>
	<u>\$ 431,223</u>

*Performance obligations*

For registration revenue, the Central Treasury's obligation is completed at the time of the event.

For performance obligations related to administrative services revenue, completion of the Central Treasury's obligation occurs over time throughout the term of the agreements. The Central Treasury uses the output method measured by a month of service delivered compared to the total months agreed to under the contract to recognize revenue over time.

***Income taxes***

The Central Treasury is a division of the Conference, which is a not-for-profit organization and is exempt from federal and state income taxes under Internal Revenue Code, Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

***Reclassifications***

Prior year apportionments payable to other entities and accounts payable and accrued expenses have been reclassified for consistency with the current period presentation within the statements of financial position. These reclassifications had no effect on net assets or changes in net assets.

***Advertising costs***

Advertising costs are expensed when incurred. Advertising costs were \$1,673 and \$2,413 for the years ended December 31, 2019 and 2018, respectively.

***Concentration***

Financial instruments which potentially subject the Central Treasury to concentrations of credit risk consist primarily of investments and cash. The Central Treasury places its investments and its cash and cash equivalents with creditworthy institutions and diversifies its holdings among entities, thereby limiting the amount of credit exposure to any one entity. As of December 31, 2019, the Central Treasury had \$754,716 of cash deposits in excess of federally insured limits being held by a federally insured financial depository institution.

## The Central Treasury of the Virginia Conference of the United Methodist Church Notes to Financial Statements

The Central Treasury's investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. In addition, due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

### **Functional expenses**

The Central Treasury allocates its expenses on a functional basic among its program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated between program and administrative expenses based on an estimate of time expended. The Central Treasury has no fundraising expenses.

### **Subsequent events**

In preparing these financial statements, the Central Treasury has evaluated events and transactions for potential recognition or disclosure through July 22, 2020, the date the financial statements were available to be issued.

Subsequent to the year-end date, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus has disrupted the Central Treasury's business along with the business of the Central Treasury's donors and vendors. These disruptions could adversely affect the Central Treasury's ability to provide programs. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on the Central Treasury's financial condition, results of operations, and cash flows. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

The Central Treasury carried a significant balance of alternative investments. As of the date the financial statements were available to be issued, the economic uncertainty caused by the outbreak has resulted in a decline in the value of alternative investments, including many of those held by the Central Treasury.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act is the establishment of the Paycheck Protection Program (PPP) under the Small Business Administration's 7(a) program. The PPP provides for loans to be made to small businesses effected by the COVID-19 pandemic. If certain criteria are met, small businesses receiving PPP loans may have all or a portion of the loans forgiven, effectively converting the outstanding balance and accrued interest to a grant. Any portion of PPP loans not forgiven have a term of two years and bear interest at 1.0%, with repayments deferred for six months. In April 2020, the Central Treasury received a PPP loan of approximately \$660,000. It is uncertain at this time what portion of the PPP loan may be forgiven.

### **3. Availability and Liquidity**

The following represents the Central Treasury's financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,144,958	\$ 1,945,913
Accounts receivable, net	2,572,252	2,640,081
Investments	<u>6,243,417</u>	<u>5,697,044</u>
Financial assets at year-end	9,960,627	10,283,038
Less:		
Financial assets with donor restrictions	<u>(4,414,567)</u>	<u>(4,290,252)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,546,060</u>	<u>\$ 5,992,786</u>

The Central Treasury's policy is to structure its financial assets to be available as its general expenditures and other obligations come due.

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**4. Investments**

Investments are carried at fair value and consist of the following at December 31:

	<u>2019</u>		<u>2018</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Alternative investments	<u>\$ 4,988,613</u>	<u>\$ 6,243,417</u>	<u>\$ 5,014,785</u>	<u>\$ 5,697,044</u>

Investment income (loss) consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 247,104	\$ 103,482
Realized and unrealized gains (losses)	649,345	(276,453)
Investment management fees	<u>(27,146)</u>	<u>(26,695)</u>
Investment income (loss), net	<u>\$ 869,303</u>	<u>\$ (199,666)</u>

Alternative investments are valued using the practical expedient at the Central Treasury's pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Net asset valuations are provided daily, monthly, or quarterly by these entities. Appreciation of investments in these entities is net of all allocations to the investment advisors.

**5. Funds Held by United Methodist Church**

Funds held by United Methodist Church is comprised of funds collected to establish an education fund named the Francis Asbury Fund. The United Methodist Church, through its General Board of Higher Education, controls the investments and directs the use of the funds, which are used primarily for extending Francis Asbury Educational Loans to qualifying United Methodist students. At December 31, 2019 and 2018, the fund had loans outstanding of \$501,016 and \$545,798, respectively. Loan terms require payment of principal and interest (at 4%) within six years of graduation or withdrawal.

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**6. Property and Equipment**

Major classes of property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 793,019	\$ 793,019
Buildings	5,132,247	5,017,597
Furniture, fixtures, and equipment	1,141,413	1,059,263
Software	<u>21,735</u>	<u>21,735</u>
	7,088,414	6,891,614
Accumulated depreciation	<u>(2,789,657)</u>	<u>(2,547,632)</u>
Property and equipment, net	<u>\$ 4,298,757</u>	<u>\$ 4,343,982</u>

**7. Loans Receivable**

Loans receivable consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Arlington District	\$ 479,900	\$ -
Charlottesville District	<u>140,728</u>	<u>149,848</u>
	<u>\$ 620,628</u>	<u>\$ 149,848</u>

The Church Development Team of the Conference makes loans to districts of the Conference for acquisitions and improvements. A loan in the amount of \$140,728 and \$149,848 is due from the Charlottesville District as of December 31, 2019 and 2018, respectively. This loan is non-interest bearing and there is no set maturity date. A loan in the amount of \$479,900 is due from the Arlington District as of December 31, 2019. This loan bears a 5.25% interest rate with interest only payments beginning January 1, 2020. The loan was paid in full subsequent to year end.

During 2018, The Central Treasury incurred expenses on behalf of the Virginia United Methodist Assembly Center of \$310,415. In October 2018, the Assembly Center was sold. The Central Treasury received proceeds totaling \$409,054 during 2018, resulting in a loan loss write off of \$151,943.

The Central Treasury provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the borrower. No allowance for doubtful collections is deemed necessary by management as of December 31, 2019 and 2018.

**8. Commitments**

At December 31, 2019, the Church Development Team of the Conference has committed grants to churches for approximately \$623,000 in connection with the Church Development Team Church Extension and Development Fund, which will be funded with Central Treasury assets.

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**9. Retirement Plans**

Ministerial and lay employees of the Conference are eligible to participate in pension plans offered by the United Methodist Church through Wespeth, Inc. Conference clergy members and local pastors under Episcopal appointment are eligible for pension coverage under the Clergy Retirement Security Program (CRSP).

In addition to the CRSP, certain ministerial employees are provided disability and death benefits as well as certain minimum benefits related to pension coverage through participation in the Comprehensive Protection Plan (CPP).

CRSP and CPP are defined contribution plans which currently encourage a one percent employee contribution and call for a 16.4 percent employer contribution (12 percent for CRSP and 4.4 percent for CPP). The contribution is limited to approximately \$66,300 of employee wages. CRSP and CPP pension expense for the Central Treasury amounted to approximately \$388,000 and \$398,000 for the years ended December 31, 2019 and 2018, respectively.

Conference lay employees are eligible for pension coverage under the United Methodist Personal Investment Plan (UMPIP). UMPIP is a defined contribution plan which calls for a nine percent employer contribution but does not currently call for an employee contribution. UMPIP pension expense for the Central Treasury amounted to approximately \$103,015 and \$112,000 for the years ended December 31, 2019 and 2018, respectively.

**10. Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Donor-restricted	\$ 1,565,891	\$ 1,532,229
Church Extension Fund	1,439,764	1,304,378
Ministerial Education Fund	608,972	598,435
Common Table	342,149	323,944
CFA	192,092	189,389
Clergy Excellence	167,097	200,704
Miscellaneous Connectional Funds	45,039	82,758
Emerging Funds	<u>53,563</u>	<u>58,415</u>
	<u>\$ 4,414,567</u>	<u>\$ 4,290,252</u>

There were no net assets with donor restrictions under permanent restriction at December 31, 2019 and 2018.

**11. Related Party Transactions**

The following is a summary of transactions with the Foundation, which is affiliated with the Central Treasury, for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Rent income	\$ 30,900	\$ 30,900
Administrative services revenue	<u>78,000</u>	<u>72,000</u>
	<u>\$ 108,900</u>	<u>\$ 102,900</u>



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As of December 31, 2019 and 2018, \$3,982,160 and \$3,792,263, respectively, of the investments of the Central Treasury are administered by the Foundation.

The Central Treasury holds congregation savings certificates with the Virginia United Methodist Development Company in the amount of \$2,261,257 and \$1,904,781 at December 31, 2019 and 2018, respectively. These savings certificates earned \$32,401 and \$31,336 during the years ended December 31, 2019 and 2018, respectively.